

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1947

No. 544

THE UNITED STATES OF AMERICA, APPELLANT

VS.

**NATIONAL CITY LINES, INC., AMERICAN CITY
LINES, INC., PACIFIC CITY LINES, INC., ET AL.**

**APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES
FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

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[Citation and amended citation in usual form showing service omitted in printing.]

In The District Court of the United States for the Southern District of California, Central Division

[File endorsement omitted.]

UNITED STATES OF AMERICA, PLAINTIFF v. NATIONAL LINES, INC., AMERICAN CITY LINES, INC., PACIFIC CITY LINES, INC., FIRESTONE TIRE & RUBBER COMPANY, GENERAL MOTORS CORPORATION, PHILLIPS PETROLEUM COMPANY, MACK MANUFACTURING CORPORATION, STANDARD OIL COMPANY OF CALIFORNIA, FEDERAL ENGINEERING CORPORATION, DEFENDANTS

Complaint

Filed April 10, 1947

The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States, brings this action against the defendants, and complains and alleges as follows:

I. JURISDICTION AND VENUE

1. This Complaint is filed and proceedings are instituted against the defendants under Section 4 of the Act of Congress of July 2, 1890, c. 647, 26 Stat. 209, as amended, entitled "An Act to Protect Trade and Commerce Against Unlawful Restraints and Monopolies," commonly known as the Sherman Antitrust Act, in order to prevent and restrain violations by defendants as hereinafter alleged of Sections 1 and 2 of the Sherman Antitrust Act.

2. The defendants General Motors Corporation and Standard Oil Company of California have offices, transact business, and are found within the Central Division of the Southern District of California.

II. DEFENDANTS

3. National City Lines, Inc. (sometimes hereinafter referred to as "National") is hereby made a defendant. Said defendant is a corporation organized and existing under the laws of the State of Delaware, and has its principal place of business in Chicago, Illinois.

4. American City Lines, Inc. (sometimes hereinafter referred to as "American") is hereby made a defendant. Said defendant American is a corporation which was organized in 1943 under

the laws of the State of Delaware. Since 1943 American has been a subsidiary of defendant National and has managed and operated local transportation systems throughout the United States on behalf of defendant National. Said defendant American has its principal place of business in Chicago, Illinois.

5. Pacific City Lines, Inc. (sometimes hereinafter referred to as "Pacific") is hereby made a defendant. Said defendant Pacific is a corporation organized and existing under the laws of the State of Delaware and is a subsidiary of defendant National. Pacific has its principal place of business in Oakland, California. At various times during the period beginning on or about February 1938 and ending about August 16, 1946, defendants National, Federal Engineering Corporation, General Motors Corporation, and Firestone Tire & Rubber Company each owned a stock interest in Pacific. Since about August 16, 1946, Pacific has been a wholly owned subsidiary of defendant National. Pacific operates and manages various local transportation systems located in the States of California, Washington, and Utah on behalf of defendant National.

6. Standard Oil Company of California, a Delaware corporation (sometimes hereinafter referred to as "Standard" and as a "supplier defendant"), is hereby made a defendant. Said defendant Standard has its principal place of business in the City of San Francisco, California, and is engaged in the production and sale of petroleum products.

7. Federal Engineering Corporation, a California corporation (sometimes hereinafter referred to as "Federal"), is hereby made a defendant. Said defendant Federal is a wholly owned subsidiary of defendant Standard and has its principal place of business in the City of San Francisco, California. Federal is engaged in the business of making and managing investments on behalf of defendant Standard.

8. Phillips Petroleum Company, a Delaware corporation (sometimes hereinafter referred to as "Phillips" and as a "supplier defendant"), is hereby made a defendant. Said defendant Phillips has its principal place of business in the City of Bartlesville, Oklahoma, and is engaged in the production and sale of petroleum products.

9. General Motors Corporation, a Delaware corporation (sometimes hereinafter referred to as "General Motors" and as a "supplier defendant"), is hereby made a defendant. Said defendant General Motors has its principal place of business in the City of Detroit, Michigan, and is engaged, among other things, in the production and sale of motorbuses. On September 30, 1943, General Motors acquired the assets and assumed certain obligations of Yellow Truck and Coach Manufacturing Company, and the busi-

ness formerly carried on by said Yellow Truck and Coach Manufacturing Company has since been carried on by the GMC Truck and Coach Division of said defendant General Motors. The term "General Motors" is used herein to mean Yellow Truck and Coach Manufacturing Company for the period prior to September 30, 1943.

10. Firestone Tire and Rubber Company, an Ohio corporation (sometimes hereinafter referred to as "Firestone" and as a "supplier defendant"), is hereby made a defendant. Said defendant Firestone has its principal place of business in the City of Akron, Ohio, and is engaged in the production and sale of tires, tubes, and other rubber and automotive products.

11. Mack Manufacturing Corporation, a Delaware corporation (sometimes hereinafter referred to as "Mack" and as a "supplier defendant"), is hereby made a defendant. Said defendant Mack has its principal place of business in the City of New York, New York, and is engaged in the manufacture and sale of motor trucks and busses.

III. NATURE OF TRADE AND COMMERCE INVOLVED

12. Throughout the United States, transportation systems are operated by privately owned or publicly owned companies to provide local transportation service in cities, towns, counties, and other governmental subdivisions of the various states. Such companies purchase and use large quantities of busses, tires, tubes, and petroleum products, as well as electrically propelled streetcars in the operation of said transportation systems.

13. National is a holding company, the operations of which are directed from National's office in Chicago, Illinois. National and its subsidiaries, American and Pacific, own, control, or have a substantial financial interest in corporations, sometimes hereinafter referred to as "operating companies," which are located throughout the United States and which are engaged in the business of providing local transportation service to more than forty-two cities and other governmental divisions in sixteen states of the United States. The term "operating companies" as

11 used hereinafter is intended to include American and Pacific in the cities and governmental divisions in which said defendants operate local transportation systems. Said operating companies are located and operated in, among other places, the Cities and States of Baltimore, Maryland; Tampa, Florida; Mobile, Montgomery, Alabama; Beaumont, Port Arthur, El Paso, Texas; Aurora, Elgin, Bloomington, Normal, Champaign, Urbana, Danville, Decatur, East St. Louis, Joliet, Quincy, Illinois; Terre Haute, Indiana; Jackson, Kalamazoo, Pontiac, Saginaw,

Michigan; Canton, Portsmouth, Ohio; Burlington, Cedar Rapids, Ottumwa, Iowa; Tulsa, Oklahoma; Lincoln, Nebraska; St. Louis, Missouri; Jackson, Mississippi; Salt Lake City, Utah; Everett, Spokane, Washington; Sacramento, Eureka, Fresno, Glendale, Pasadena, San Jose, Stockton, Los Angeles, Oakland, and Long Beach, California. The operating companies which provide the local transportation service frequently use both motorbusses and electrically propelled streetcars. It is the policy of National to have the operating companies provide local transportation service by motorbusses wherever possible.

14. The operating companies of defendants National, American, and Pacific purchase and use large quantities of motorbusses, tires, tubes, and petroleum products which are manufactured and produced in various states of the United States by the supplier defendants herein and which are shipped from said places of production and manufacture across state lines and in interstate commerce by supplier defendants to the defendants National, American, Pacific, and their operating companies, located, among other places, in the states and cities of the United States named in Paragraph 13 herein. The dollar volume of such products purchased by the defendants National, American, Pacific, and their operating companies from the supplier defendants herein during the year 1945 was approximately \$5,000,000.

15. Defendant General Motors produces automobile and automotive equipment in plants located in twelve different states of the United States, including the State of Michigan. In said plants, General Motors manufactures motorbusses which are sold and shipped in interstate commerce to defendants National, American, and Pacific and their operating companies. Sales of motorbusses by defendant General Motors to defendants National, American, and Pacific and their operating companies were in excess of \$25,000,000 for the years 1936 to 1946, inclusive.

16. Defendant Firestone has plants in the States of Ohio, Tennessee, and California, in which automobile tires and tubes are manufactured for and shipped to defendants National, American and Pacific, and their operating companies. Annual sales of tires and tubes by defendant Firestone to defendants National, American and Pacific, and their operating companies are now in excess of \$450,000.

17. The production of petroleum products by defendant Phillips is concentrated in the States of Texas, Oklahoma, and Kansas, from which States said products are shipped in interstate commerce into the States of Michigan, Illinois, Indiana, Oklahoma, Iowa, Nebraska, Texas, and Missouri for use by defendants National and American and their operating companies. Annual

sales of petroleum products by defendant Phillips to defendants National and American and their operating companies are now in excess of \$900,000.

18. Defendant Standard has large petroleum holdings in fields located in California, Texas, New Mexico, Colorado, Mississippi, and Louisiana, but production and refining of petroleum products by said Company is concentrated in the States of California and Texas, from which states petroleum products are shipped in interstate commerce to defendants National, American and Pacific, and their operating companies in the States of Washington, Utah, and California.

19. Defendant Mack has plants in New Jersey and Pennsylvania, in which motorbuses are manufactured for and shipped to defendants National, American and Pacific, and their operating companies. Total sales made by defendant Mack to defendants National, American and Pacific, and their operating companies during the period covered by this Complaint are in excess of three and one-half million dollars.

IV. OFFENSES CHARGED

20. Beginning on or about January 1, 1937, and continuing to and including the date of the filing of this Complaint, defendants, together with other persons to the plaintiff unknown, have engaged in an unlawful combination and conspiracy to acquire ownership, control, or a substantial financial interest in a substantial part of the local transportation companies in the various cities, towns, and counties in the various states of the United States and to restrain and to monopolize the aforesaid interstate commerce in motorbuses, petroleum products, tires, and tubes sold to local transportation companies in cities, counties, and towns in which defendants National, American, and Pacific have, or have acquired, or in the future acquire ownership, control, or a substantial financial interest in said local transportation companies, all in violation of Sections 1 and 2 of the Sherman Antitrust Act. Defendants threaten to and will continue to violate Sections 1 and 2 of the Sherman Antitrust Act unless the relief hereinafter prayed for is granted.

21. The aforesaid combination and conspiracy has consisted of a continuing agreement and concert of action among the defendants, the substantial terms of which have been and are:

(a) That the supplier defendants Firestone, Standard, Phillips, General Motors, and Mack would furnish money and capital to defendants National, American and Pacific, and that said defendants would purchase and cause their operating companies to purchase substantially all of their requirements of tires, tubes, pe-